

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6869

BILL NUMBER: HB 1188

NOTE PREPARED: Mar 9, 2010

BILL AMENDED: Mar 5, 2010

SUBJECT: Various Vehicle Matters.

FIRST AUTHOR: Rep. Austin

FIRST SPONSOR: Sen. Wyss

BILL STATUS: Enrolled

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill requires:

- (1) the Secretary of State (SOS) to adopt rules to establish research and development license plates for use by manufacturers of vehicle subcomponent systems;
- (2) sets a \$20 fee for a research and development license plate;
- (3) requires the SOS to adopt interim written guidelines regarding the classification of research and development license plates;
- (4) revises language concerning the responsibility of the SOS related to vehicle dealer services;
- (5) exempts certain persons that buy or sell motor vehicles from the requirement of maintaining a bond satisfactory to the SOS by submitting to the SOS evidence that the licensee is a member of a risk retention group regulated by the Indiana Department of Insurance;
- (6) authorizes the Bureau of Motor Vehicles (BMV) to negotiate and enter into a reciprocal agreement with a foreign country to facilitate the exchange of operator's licenses and requires the BMV to report annually to the General Assembly regarding a reciprocal agreement; and
- (7) specifies that all coverage available to a passenger of a motor vehicle under a motor vehicle owner's insurance policy must be exhausted before any other insurance coverage is available to the passenger.

Effective Date: Upon passage; July 1, 2010.

Explanation of State Expenditures: *Rule & Guideline Adoption:* Requiring the SOS to establish rules and guidelines will have no fiscal impact and will be completed under current rule-making procedures. The fund affected is the dedicated fund supporting the operation of the Dealer Services Division of the SOS.

License Plates: PEN PRODUCTS, the manufacturing arm of prison-made products, will charge the Bureau

of Motor Vehicles (BMV) \$3.19 per plate for the newly established plate. The funds affected are the PEN PRODUCTS Revolving Fund and the Motor Vehicle Highway Account (MVHA), which supports the BMV. The plates will be transferred to the SOS.

Reciprocal Agreements with Foreign Countries and Reporting to the General Assembly: These requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resources. The fund affected is the Motor Vehicle Highway Account, which supports the BMV.

This bill expands the authority of the BMV regarding reciprocity agreements to include the authority to enter into such agreements with foreign countries. Currently, BMV's authority in this regard is limited to such agreements with other states.

Explanation of State Revenues: *License Plate Fee:* The SOS will charge \$20 for a license plate for a manufacturer of vehicle subcomponent systems. Revenue from this provision will depend upon the number of manufacturers who purchase the newly created license. The term "manufacturer of a vehicle subcomponent system" includes a public or private university that is engaged in research, development, or manufacture of a vehicle subcomponent system. The number of such manufacturers and universities is not known at this time.

Penalty Provision: Violators of the rules adopted by the SOS commit a Class A infraction. The maximum judgment for a Class A infraction is \$10,000, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

If a criminal action, infraction or ordinance violation involves a traffic violation, including this proposed offense, additional fees may be assessed.

Revenue Distribution Change: The bill also changes the distribution of revenue from the issuance of interim license plates by the SOS. Currently, the distribution of the revenue from the interim license plate is 30% to the Dealer Compliance Account and 70% to the Motor Vehicle Highway Account. The bill provides for 90% to be distributed to the Dealer Compliance Account and 10% to the Motor Vehicle Highway Account. The fee for the interim license plate is \$3, with \$2 deposited into the Crossroads 2000 bonding program. The proposed change affects the distribution of the remaining \$1 for every interim license plate. The SOS began issuing interim license plates in July 2007 and has issued, on average, about 636,200 over the last two and one-half calendar years. Below is a table which shows the impact of the proposed change.

Fund	Distribution		Difference
	Current	Proposed	
Dealer Compliance Account Share	30%	90%	
\$ Distribution	\$190,860	\$572,580	+381,720
Motor Vehicle Highway Account Share	70%	10%	
\$ Distribution	\$445,340	63,620	-\$381,720

Based on the 636,200 annual average, \$381,720 in additional funds would be deposited into the Dealer

Compliance Account with a corresponding decrease in the Motor Vehicle Highway Account.

The change in funding follows the change in administrative responsibility (previously accomplished with an administrative transfer of funds).

The Dealer Compliance Account is used for the operation of the Dealers Services Division of the SOS.

The Motor Vehicle Highway Account may be used for road construction, reconstruction, and maintenance for cities, towns, and counties. The MVHA also supports entirely the operation of the Bureau of Motor Vehicles, a significant part of the operation of the Department of Transportation, about 61% of the operation of the State Police, and part of the operation of the state Department of Revenue.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

State Agencies Affected: SOS; BMV; PEN Products; Department of Insurance.

Local Agencies Affected: Trial courts, local law enforcement agencies.

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